

1997 SMALL BUSINESS PROFILE

SMALL BUSINESS: BACKBONE OF THE COLORADO ECONOMY

The importance of small business to the state of Colorado is evident in the 1997 Small Business Profile. The findings reported in this year's profile, compiled by the U.S. Small Business Administration's (SBA) Office of Advocacy, clearly indicate the crucial role small businesses play in the state's economy. Not only do small businesses play a vital role as job creators, but their diversity and composition provide the work force with endless opportunities.

Number of Businesses - In 1996, Colorado had 114,521 businesses with employees; 97.6 percent of the businesses were small businesses (percent based on 1994 data for independent businesses with fewer than 500 workers). In addition to the number of employer businesses, the state also had 183,000 self-employed persons in 1996, for an estimated total of 297,521 businesses.

Small Business Income - The income of sole proprietors and partners rose 6.6 percent to \$7.6 billion in 1996, while wage-and-salary income rose 8.1 percent. Total personal income rose 7.9 percent to \$64.7 billion. The state also exported \$10.1 billion of goods in 1996.

Minority Businesses - According to The National Foundation for Women Business Owners, as of 1996, there were 160,400 women-owned businesses in Colorado, including part-time firms, employing 381,900 people and generating \$39.2 billion in sales. Between 1987-1996, the number of women-owned businesses, increased 64.9 percent.

According to the latest Bureau of the Census data, the number of Black-owned firms, including part-time firms, increased 52.3 percent from 1987 to 1992, totaling 4,372 in 1992. The number of Hispanic-owned firms, including part-time businesses, rose 45.2 percent during the same time period with 13,817 firms in 1992. There has also been a marked increase in the number of businesses owned by Asian and Pacific Islanders, American Indians, and Alaskan Natives. The number for this group grew from 3,543 in 1987, to 5,788 in 1992, representing a 63.4 percent increase.

Business Turnover - The number of new firms increased 3.1 percent, while new business incorporations increased 9.4 percent in 1996. Financial difficulties leading to business bankruptcies increased by 27.7 percent and business failures increased by 51.5 percent during 1996.

Finance - An SBA Office of Advocacy study found that the number of banks in Colorado decreased from 288 in 1994 to 226 in 1996. The study also found the top lenders to small businesses in fiscal year 1996 were:

Bank Name	Location
INDEPENDENT BK	Kersey
BANK SOUTHWEST NA	Pagosa Springs
MOUNTAIN NB	Woodland Park
EATON BK	Eaton
BANK OF GRAND JUNCTION	Grand Junction
FARMERS BK	Eaton
REGIONAL BK OF COLORADO NA	Rifle
CHEYENNE MTN BK	Colorado Springs
FIRST SECURITY BK CRAIG	Craig
VALLEY BK	Brighton
VECTRA BK	Denver
KEY BK COLORADO	Fort Collins

Job Growth - Small businesses created 359,823 of the 430,132 net new jobs from 1992 to 1996. Very small businesses (<20 employees) created 66.1 percent of the small business growth with 237,940 new jobs. These numbers clearly reflect the importance of small businesses as job creators.

Number of Jobs Created by Major Industry and Employment Size of Firm, 1992-1996

Industry	1-4	5-19	20-99	100-499	500+	Totals
All Industries	177,448	60,492	40,498	81,385	70,309	430,132
Manufacturing	5,071	4,432	1,873	(1,975)	(3,163)	6,238
Retail Trade	33,913	10,986	10,610	5,832	(2,779)	58,564
Services	82,076	24,398	14,882	53,541	48,740	223,636
Other	56,388	20,677	13,133	23,987	27,511	141,695

Industries - The composition of small business in Colorado is very diverse. The Eating & Drinking Places industry is the largest small business employer in Colorado, followed by Health Services. The fastest growing industry for small business is Nondepository Credit Institutions (represents industries that were at least 0.25% of the 1994 total).

The following three tables provide further information about the composition of the small business sector in the state. The information is for 1994, the latest year available.

Table 1. Top Five Industries in Colorado by Employment, 1994

Industry	SIC	Employment Total	Percent of Total	Percent Small
Total - All Industries	--	1,479,960	100.0	55.3
Health Services	8000	139,323	9.4	43.6
Eating & Drinking Places	5800	131,839	8.9	70.6
Business Services	7300	111,713	7.5	50.0
Wholesale Trade - Durable Goods	5000	61,361	4.1	67.2
Special Trade Contractors	1700	60,146	4.1	94.2

Table 2. Top Five Small Business Industries in Colorado by Employment, 1994

Industry	SIC	Employment in firms with 0 - 499 employees	Percent of Total	Percent Small
Total - All Industries	--	818,389	100.0	55.3
Eating & Drinking Places	5800	93,117	8.9	70.6
Health Services	8000	60,713	9.4	43.6
Special Trade Contractors	1700	56,629	4.1	94.2
Business Services	7300	55,895	7.5	50.0
Wholesale Trade - Durable Goods	5000	41,249	4.1	67.2

Table 3. Fastest Growing Industries for Small Business in Colorado, 1993 - 1994

Industry	1993	1994	Amount Change	Percent Change
Total - All Industries	788,697	818,389	29,692	3.8
Nondepository Credit Institutions	3,410	4,313	903	26.5
Security & Commodity Brokers, Dealers, Exchanges, & Services	2,879	3,300	421	14.6
Special Trade Contractors	49,856	56,629	6,773	13.6
Building Construction	16,341	18,277	1,936	11.8
Transportation Services	4,396	4,906	510	11.6

Sources: Office of Advocacy, U.S. Small Business Administration from data provided by the Department of Commerce, Department of Labor, Administrative Office of the U.S. Courts, Federal Reserve Board, Dun & Bradstreet Corporation, National Foundation of Women Business Owners, and Cognetics Inc.